

Everyday Math

Activity #11: Calculating Credit Card Payments

Directions: If you only make the monthly minimum payment of \$60 on a beginning balance of \$2000, how long will it take you to payoff the credit card? Follow the examples and fill in the pay schedule (it may take longer then you think).

Remember: *Average Daily Balance*

$$\begin{aligned} & \mathbf{X} \text{ Number of Days in the Billing Period} \\ & \mathbf{X} \text{ Daily Rate} \\ & = \text{Finance Charge} \end{aligned}$$

$$\begin{aligned} \text{daily rate} &= 0.0005425 \\ \text{\# of days} &= 30 \\ \text{payment} &= 60 \end{aligned}$$

Month	Balance	Interest
	2000.00	32.55
1	1972.55	32.10
2	1944.65	31.65
3	1916.30	31.19
4	1887.49	30.72
5	1858.21	30.24

* On a separate piece of paper, complete the chart to determine how many payments must be made to payoff the credit card.